



NEWS RELEASE

FOR IMMEDIATE RELEASE

February 6, 2020

FinWise Small Dollar Lending Program

Sandy, Utah – 2020 – FinWise Bank’s Small Dollar Lending program is designed to provide a responsible, regulated credit product to solve consumers’ short-term needs while providing an opportunity for consumers to improve their credit rating and overall financial situation.

- The program is specifically for consumers who have limited access (or no access) to credit products due to their overall credit history (FICO below 600 or no score).
- These consumers are generally not eligible for traditional bank or credit union loans and, before programs like ours, the only options available to the consumer market were typically inferior/much more expensive forms of credit with potential to create a cycle of debt.
- We are rigorous in selecting companies to service our lending products. We seek to work with only the best companies who share our values, especially in protecting consumers.
- Likewise, we have comprehensive underwriting and due diligence processes and evaluate consumers to ensure our products are appropriate for their needs and



situation – including assessing their ability to repay the loan. As a result, we only approve a portion of the applicants who apply for financing.

Small Dollar Lending vs. PayDay Lending

- Small Dollar Lending should not be confused or associated with PayDay loans. In the hearing yesterday (Feb 5, 2020), PayDay, title and other loans were discussed in the same category with Small Dollar Lending. These are vastly different solutions with different structures and outcomes.
- FinWise’ Small Dollar Lending programs are installment loans designed to help people avoid debt traps and put them on a path to financial improvement. Further, small dollar lending offered through banks must comply with national consumer protection laws and regulations that have been enacted to protect this consumer group.

Rate Caps

- Capping the interest rate on Small Dollar Lending hurts consumers by denying access to credit.
- Rate caps limit the supply of credit, but not the demand, meaning that consumers will be driven to less regulated lenders.



Rent-a-Bank Scheme

- The term “rent-a-bank” is used by detractors of the model and implies that banks passively allow the use of their charters to side-step state laws.
- The reality:
 - FinWise Bank and other Utah banks are active participants in these structures and are closely scrutinized by state and federal regulators who ensure consumer protection laws are being adhered to.
 - Banks have been originating loans, then selling them for over 100 years.
 - The Treasury and OCC are encouraging Bank and Fintech Partnerships to provide the best technology platforms and serve a consumer base that has traditionally been denied credit.

Consumer Protections and Safeguards

- Bank and Fintech Partnerships have rigorous regulatory oversight and safeguards for consumers
 - As part of our regulatory requirements, we perform regular, in-depth audits of our partners and service providers to ensure they meet or exceed all applicable Federal laws and regulatory requirements.

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